

TAX FLASH NEWS

17 June 2022



Clarification by CBIC on procedure relating to sanction, post-audit and review of refund claims

Background

On reporting of different practices being followed by various adjudicating officers for sanction of refund, CBIC has issued an instruction¹ clarifying certain aspects. Instruction states that the adjudicating officer should pass a speaking order for refund. It also prescribes indicative list of details which should be mentioned in the refund order. Guidelines for conduct of post audit and review of refund claims is prescribed. Among others, the guidelines state that post-audit may be conducted only for refund claims amounting to INR 1 lakh or more.

Gist of the instruction

A. Sanction of refund claims:

While passing refund sanction order, proper officer should upload a detailed speaking order along with refund sanction order in FORM GST RFD-06. In order to ensure uniformity in issuance of speaking order, it is clarified that such speaking order should inter alia contain the following details:

- **Accumulated ITC; inverted duty and refund on account of zero-rated supplies:**
 - Correctness of computation of refund as per relevant provisions;
 - Verification of shipping bills/bill of exports from ICEGATE portal;
 - Supply to SEZ is for authorized operations, etc.
- **Supplies regarded as deemed exports :**
 - Procedure followed while procuring/supplying goods regarded as deemed exports;
 - ITC has not been claimed by recipient, etc.

- **Excess balance in electronic cash ledger :**
 - Order should include if the refund claimed is debited from electronic cash ledger, etc.
- **Other categories of refund :**
 - Category, period and date of refund;
 - Deficiency memo, show cause notice and reply, if any;
 - Unjust enrichment;
 - Details of documents furnished and verification conducted;
 - Reasons for granting/rejection of refund;
 - Pending recoveries, etc.

B. Post-audit and review of refund claims:

Post-audit may henceforth be conducted only for refund claims amounting to INR 1 lakh or more.

Gist of guidelines for conduct of post audit and review of refund claims is as follows:

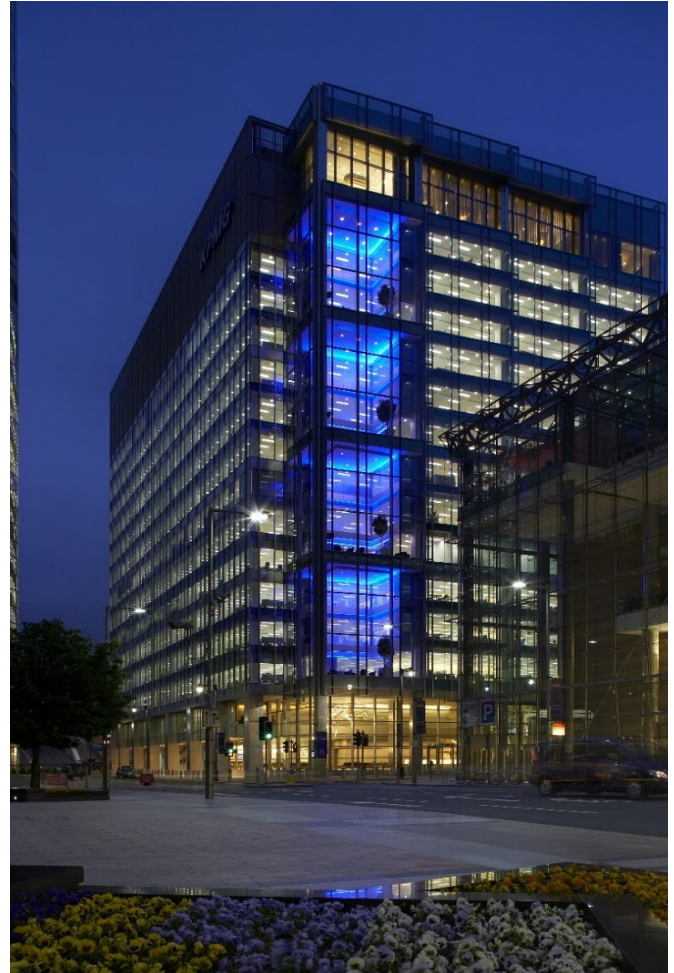
- Post audit officers shall have access to all documents/statements on ACES-GST portal pertaining to refund claims.
- Post-Audit Cell may be created in Commissionerate Headquarters.
- Post-audit should be concluded within three months from date of issue of Form GST RFD-06.
- Findings shall be communicated to Review Cell within the aforesaid period.
- Review of refund order shall be completed at least 30 days before the expiry of the time period allowed for filing appeal.

¹ Instruction No. 03/2022-GST, dated 14 June 2022, CBIC

- Report of the post audit may be furnished by the Post-Audit Cell to the Review Cell within the aforesaid period.

Our comments

There have been instances where a taxpayer has got multiple GST registrations throughout India but speaking order is being issued in respect of refund claims in few states, whereas in other states, speaking orders are not being issued if the refund is sanctioned in full. Respective state governments were issuing clarifications, but their applicability was limited to the respective state. This instruction by CBIC will provide uniformity and also relief to taxpayer.



KPMG in India addresses:

Ahmedabad

Commerce House V, 9th Floor,
902, Near Vodafone House, Corporate Road,
Prahlad Nagar,
Ahmedabad – 380 051.
Tel: +91 79 4040 2200

Bengaluru

Embassy Golf Links Business Park,
Pebble Beach, 'B' Block,
1st & 2nd Floor,
Off Intermediate Ring Road, Bengaluru – 560071
Tel: +91 80 6833 5000

Chandigarh

SCO 22-23 (1st Floor),
Sector 8C, Madhya Marg,
Chandigarh – 160 009.
Tel: +91 172 664 4000

Chennai

KRM Towers, Ground Floor,
1, 2 & 3 Floor, Harrington Road,
Chetpet, Chennai – 600 031.
Tel: +91 44 3914 5000

Gurugram

Building No.10, 8th Floor,
DLF Cyber City, Phase II,
Gurugram, Haryana – 122 002.
Tel: +91 124 307 4000

Hyderabad

Salarpuria Knowledge City,
6th Floor, Unit 3, Phase III,
Sy No. 83/1, Plot No 2, Serilingampally
Mandal,
Ranga Reddy District,
Hyderabad – 500 081.
Tel: +91 40 6111 6000

Jaipur

Regus Radiant Centre Pvt Ltd.,
Level 6, Jaipur Centre Mall,
B2 By pass Tonk Road,
Jaipur – 302 018.
Tel: +91 141- 7103224

Kochi

Syama Business Centre,
3rd Floor, NH By Pass Road,
Vytilla, Kochi – 682 019.
Tel: +91 484 302 5600

Kolkata

Unit No. 604,
6th Floor, Tower – 1,
Godrej Waterside,
Sector – V, Salt Lake,
Kolkata – 700 091.
Tel: +91 33 4403 4000

Mumbai

2nd Floor, Block T2 (B Wing),
Lodha Excellus, Apollo Mills Compound, N M
Joshi Marg, Mahalaxmi, Mumbai- 400011
Tel: +91 22 3989 6000

Noida

Unit No. 501, 5th Floor,
Advant Navis Business Park,
Tower-A, Plot# 7, Sector 142,
Expressway Noida,
Gautam Budh Nagar,
Noida – 201 305.
Tel: +91 0120 386 8000

Pune

9th floor, Business Plaza,
Westin Hotel Campus, 36/3-B,
Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune – 411 001.
Tel: +91 20 6747 7000

Vadodara

Ocean Building, 303, 3rd Floor,
Beside Center Square Mall,
Opp. Vadodara Central Mall,
Dr. Vikram Sarabhai Marg,
Vadodara – 390 023.
Tel: +91 265 619 4200

Vijayawada

Door No. 54-15-18E,
Sai Odyssey,
Gurunanak Nagar Road, NH 5,
Opp. Executive Club, Vijayawada,
Krishna District,
Andhra Pradesh – 520 008.
Tel: +91 0866 669 1000

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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011
Phone: +91 22 3989 6000, Fax: +91 22 3983 6000

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